



CITY COUNCIL STAFF REPORT



April 14, 2026

ITEM TITLE

Housing Grant Funding: Receive Recommendations for the Fiscal Year 2026-2027 U.S. Department of Housing and Urban Development Annual Action Plan

Report Number: 26-0080

Location: Intersection of Naples and Granjas. 31 4th Avenue. All other projects are not site specific.

Department: Housing and Homeless Services

G.C. § 84308 Regulations Apply: Yes

Environmental Notice: The activity is not a “Project” as defined under Section 15378 of the California Environmental Quality Act State Guidelines. Therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required. Under the National Environmental Policy Act, the activity is exempt pursuant to Title 24, Part 58.34(a)(2)&(3) of the Code of Federal Regulations and pursuant to the U.S. Department of Housing & Urban Development Environmental Guidelines.

Recommended Action

Conduct the public hearing and receive community input on the Fiscal Year 2026-2027 U.S. Department of Housing and Urban Development Annual Action Plan recommendations for Federal Grant funding, including the Community Development Block Grant, Emergency Solutions Grant, and the HOME Investment Partnerships Act programs.

SUMMARY

The City of Chula Vista (“City”) receives annual federal funding through three entitlement programs administered by the U.S. Department of Housing and Urban Development (HUD): the Community Development Block Grant, the HOME Investment Partnerships Act; and the Emergency Solutions Grant. The City has reviewed funding applications submitted under these programs and prepared the draft Fiscal Year 2026-2027 Annual Action Plan describing the proposed use of these funds.

The purpose of this public hearing is to receive community input on the proposed funding recommendations contained in the Fiscal Year 2026-2027 Annual Action Plan for the period July 1, 2026 through June 30, 2027.

ENVIRONMENTAL REVIEW

The proposed activity has been reviewed for compliance with the California Environmental Quality Act (CEQA), and it has been determined that the activity is not a “Project” as defined under Section 15378 of the State CEQA Guidelines because the proposed activity consists of a governmental fiscal/administrative activity which does not result in a physical change in the environment. Therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. Notwithstanding the foregoing, it has also been determined that the activity qualifies for an Exemption pursuant to Section 15061(b)(3) of the California Environmental Quality Act State Guidelines. Thus, no environmental review is required.

Under the National Environmental Policy Act (NEPA), the activity is exempt pursuant to Title 24, Part 58.34(a)(2)&(3) of the Code of Federal Regulations and pursuant to the U.S. Department of Housing & Urban Development Environmental Guidelines.

This determination is predicated on CEQA Guidelines Section 15004 which provides direction to lead agencies on the appropriate timing for environmental review. Projects funded through these grant programs may require environmental review and preparation of appropriate documentation in accordance with applicable state and federal requirements, including CEQA Guidelines, NEPA, and applicable provisions of the City Municipal Code.

COMMUNITY ENGAGEMENT

Community engagement activities for this item included social media outreach requesting completion of a public survey. Staff invited community members to participate in identifying community priorities related to allocation of grant funds in the upcoming fiscal year.

The online survey was available from November 19, 2025, through January 21, 2026, and received 899 responses from 21 participants.

Survey responses indicate the following priorities:

1. Public services, affordable housing, and economic development are the greatest community needs.
2. The most urgent infrastructure needs are street lighting and street improvements (new pavement).
3. The highest priority community facility needs are senior centers, parks and recreational facilities, and homeless shelters and facilities.
4. Affordable housing needs include new construction of affordable rental housing, assistance to remove lead-based paint from homes, assistance for energy efficiency improvements to homes, and first-time homebuyer assistance.
5. Among eligible public services crime awareness and prevention, senior services, and health services received the highest scores, indicating greater need.
6. Substance abuse services ranked highest among special needs services.
7. Participants also express a need for job training and new job opportunities.

In addition, the City held a public hearing on January 6, 2026, to receive community and City Council input regarding Fiscal Year 2026-2027 funding priorities.

Community feedback received through these engagement activities informed development of the draft Annual Action Plan and is reflected, as appropriate, in the funding recommendations presented to the City Council.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

The Housing and Homelessness Advisory Commission were informed of the public review period during their March 25, 2026, meeting.

DISCUSSION

As a HUD entitlement community, the City receives annual funding through three (3) federal entitlement programs: the Community Development Block Grant (CDBG), the HOME Investment Partnerships Act (HOME), and the Emergency Solutions Grant (ESG). HUD determines each jurisdiction's funding allocation using a formula based on demographic, housing, and economic data. These programs support activities that provide housing, a suitable living environment, and expanded economic opportunities, principally for low- and moderate-income persons.

HUD requires entitlement jurisdictions to prepare and adopt a five-year Consolidated Plan identifying housing and community development needs and establishing priorities for the use of federal funds. Consistent with this requirement, the City previously developed and adopted the 2025-2029 5-Year Consolidated Plan (Con Plan), which identifies housing and community development needs among low- and moderate-income residents and establishes the City's five-year strategy for addressing those needs.

Each year, the City identifies activities for funding that address priorities established in the Con Plan and comply with HUD program requirements and national objectives. These activities are presented in a one-year planning document known as the Annual Action Plan (Action Plan), which serves as the City's annual funding application to HUD. This Fiscal Year 2026-2027 Action Plan represents the second year of the 2025-2029 Con Plan period.

The 2025-2029 Con Plan identifies five Housing and Community Development priority areas for funding consideration, summarized in Table 1 on the next page.

Table 1: 2025-2029 Consolidated Plan Funding Priorities

PRIORITY	GOAL	ACTIVITY TYPE
Affordable Housing	Increase affordable rental and owner-occupied housing to improve housing opportunities that reflect the community's needs.	<ul style="list-style-type: none"> • New Construction • Acquisition • Rehabilitation • First-Time Homebuyer Assistance • Tenant-Based Rental Assistance
Capital Improvement and Public Facilities	Support the development of vibrant, equitable and accessible neighborhoods by investing in public facilities and infrastructure.	<ul style="list-style-type: none"> • ADA improvements • New streets and sidewalks • Public facility improvements
Social Service Programs	Invest in community social services to promote equity and serve the most vulnerable of the community's population.	<p>Public Services to low/moderate income including the following population:</p> <ul style="list-style-type: none"> • Homeless Veterans; Youth; Seniors; Victims of Domestic Violence; Special Needs/ Disabled
Economic Development	Enhance the City's economic stability by investing in inclusive economic growth initiatives that develop and strengthen small businesses, employment and workforce development programs and improving access to jobs.	<ul style="list-style-type: none"> • Business Financial Assistance Programs • Business Technical Assistance • Job Training and Placement
Homelessness	Assist individuals and families to gain stable housing after experiencing homelessness or a housing crisis by providing appropriate services and housing solutions on a path to stability.	<ul style="list-style-type: none"> • Shelter Operations • Homeless Prevention • Homeless Outreach • Homeless Supportive Services

FISCAL YEAR 2026-2027 ANNUAL ACTION PLAN

The City has received HUD’s allocations for each grant program and has prepared the draft Annual Action Plan using these funding amounts.

Table 2: 2026-2027 Grant Funding

PROGRAM	ENTITLEMENT AMOUNT	PRIOR YEAR (UNENCUMBERED)	TOTAL AVAILABLE FOR 2026/2027
Community Development Block Grant	\$2,262,340	\$239,143	\$2,501,483
Home Investment Partnerships Act	\$ 800,731	\$400,000	\$1,200,731
Emergency Solutions Grant	\$ 206,221	\$0	\$ 206,221
Total	\$3,269,292	\$639,143	\$3,908,435

Funding Requests

As part of the annual Action Plan process, the City issues a Notice of Funding Availability (NOFA) for the CDBG, HOME, and ESG programs. Staff advertised the NOFA at meetings of the Chula Vista Community Collaborative and distributed the notice by email to previously funded agencies and other interested parties. The NOFA was issued January 27, 2026, and applications were accepted from February 2, 2026, through March 2, 2026. Staff reviewed all proposals to confirm compliance with the program regulations and consistency with the City’s housing and community development priorities.

A table showing funding recommendations can be found in the Action Plan as well as a summary of each request that details the requested funding level, proposed use of funds, and benefit to the community in Attachment 2. The federal grant funding recommendations for CDBG, HOME, and ESG are presented below.

Community Development Block Grant (CDBG)

For Fiscal Year 2026-2027, the City will receive a total of \$2,262,340 of CDBG funds. All projects considered for funding must address at least one of the three CDBG national objectives: (1) benefit primarily low- and moderate-income families; (2) aid in the prevention or elimination of slums or blight; or (3) meet community needs due to a major emergency such as a natural disaster.

CDBG funded projects are grouped into three categories:

1. Administration and Planning
2. Public Services
3. Capital Improvement Projects (CIPs) and Community Development

A summary of staff funding recommendations within each category is provided below.

1. Administration/Planning Recommendations

Funds within this category support all City staff costs associated with the management and administration of the CDBG program, including regulatory compliance, contract administration, subrecipient monitoring, fiscal management, and preparation of required planning documents. Required planning documents include the Annual Action Plan, the Consolidated Plan, and the Analysis of Impediments to Fair Housing Choice. As detailed in Table 3, Federal regulations limit administrative and planning costs to twenty percent (20%) of the annual CDBG entitlement. For fiscal year 2026-2027, this cap is \$452,468.

A portion of the City’s CDBG administrative allocation supports fair housing services. The City received multiple applications from fair housing service providers. Following review of the applications, staff recommends contracting with CSA San Diego County to provide fair housing services.

Table 3: 2026-2027 CDBG Administration Funding

Applicant	Program	Recommended
1 Housing and Homeless Services Department	CDBG Administration/Planning	\$387,468
2 CSA San Diego County	Fair Housing and Tenant/Landlord Services	\$65,000
Total		\$452,468

2. Public Services Program Recommendation

Public services funding supports programs administered by local agencies and community organizations that serve low-income residents, including seniors, persons with disabilities, at risk populations, and persons experiencing homelessness. Federal regulations limit public services funding to fifteen percent (15%) of the annual CDBG entitlement. For fiscal year 2026-2027, the cap is \$339,351. Staff evaluated applications using funding priorities established in the Con Plan together with an established scoring methodology that ranks programs based on demonstrated community need. Programs are categorized into three (3) tiers, with Tier I representing the highest priority.

Table 4: Public Services Community Need Ranking

Tier I (highest)	Tier II	Tier III
Emergency Needs: Programs that address basic, fundamental needs including shelter, food, and other commodities.	Special Needs/Disabled: Programs that provide services to persons with disabilities, special needs, and who are at high-risk.	Other General Services: All other services which do not fall within Tier I or II and provide general public services to low/moderate income persons.

Twelve public service applications were received. Available funding allows each application to be funded at the requested level, and staff therefore recommends full funding for each program. Each recommended applicant previously received grant funding and remains in good standing with the City and HUD. This year, staff also recommends allocating funds to support a City administered homeless services program. Hotel and motel voucher funding from the prior program year remains available and will support this program. A summary of applicants, requested funding amounts, and staff funding recommendations are provided in Table 5.

Table 5: 2026-2027 CDBG Public Services

Applicant	Program	Requested	Recommended
3 Chula Vista Elementary School District	Family Resource Center Emergency & Basic Services	\$50,000	\$50,000
4 Chula Vista Housing and Homeless Services Department	City Homeless Services	\$27,251	\$27,251
5 City of Chula Vista Parks and Rec	Norman Park Senior Center	\$30,000	\$30,000
6 City of Chula Vista Parks and Rec	Therapeutic Recreation Programs for Adults with Severe Disabilities	\$20,100	\$20,100
7 Jacobs & Cushman San Diego Food Bank	Food for Kids Backpack Program	\$15,000	\$15,000
8 Mama's Kitchen	Home-Delivered Meal Service	\$10,000	\$10,000
9 Meals-on-Wheels Greater San Diego	Senior Meal Delivery & Accompanying Services	\$30,000	\$30,000
10 SBCS Corporation	Family Violence Support Services	\$50,000	\$50,000
11 SBCS Corporation	Homeless Services	\$55,000	\$55,000
12 SBCS Corporation	South Bay Food Program	\$15,000	\$15,000
13 Voices for Children	Court Appointed Special Advocate (CASA) Program	\$20,000	\$20,000
14 Interfaith Shelter Network of San Diego	Rotational Shelter Program	\$17,000	\$17,000
Total			\$339,351

3. CIPs and Community Development

After the Public Services and Administration activities are funded, \$1,709,664 in CDBG funds remain available (annual entitlement and prior year funds) for capital improvement projects, public facility improvements, and other housing, community development, and economic development activities. The City has earmarked \$709,896 for the annual Castle Park Infrastructure Section 108 debt service payment. Two (2) years remain on the twenty-year loan term. After this payment, \$999,768 remains available for additional projects. To qualify for funding under the CIP category, projects must be located in a primarily residential area designated as low/moderate income by U.S. Census data. Projects must also serve a defined neighborhood area rather than the City or regional population as a whole. Priority consideration is given to projects demonstrating feasibility, measurable community benefit, and the ability to leverage additional funding sources. Projects are also evaluated for consistency with the City Critical Needs List and the Pedestrian Master Plan.

Staff coordinated to identify projects that meet CDBG eligibility and expenditure requirements. Under CDBG regulations, CIP projects must serve an area in which at least fifty one percent (51%) of residents are low and moderate income, and sidewalk infrastructure projects must involve new construction.

Three (3) projects are proposed for funding in this category: the Castle Park Section 108 loan payment, the Naples and Granjas sidewalk improvement project, and the BOOST Program administered by Upwards Care Inc.

Table 6: 2026-2027 CDBG Community Development Projects

Applicant	Program	Recommended
15 Chula Vista Engineering Department	Naples and Granjas	\$615,985
16 Upwards	BOOST (Business Operations & Optimization Tools)	\$383,783
17 Chula Vista Housing Homeless Services Department	Section 108 Loan	\$709,896
TOTAL		\$1,709,664

The Naples and Granjas project is for sidewalk gap improvements along Naples Street from just east of Broadway to just west of Third Avenue and a segment of Granjas Road north of Naples Street. The project will include installation of missing curb, gutter, and sidewalk in various locations. The included project map identifies the project location and HUD-designated Low/Moderate Income Census Tract (shaded in yellow).



Naples Street and Granjas Road

The BOOST Program offered by Upwards assists micro-enterprise in-home daycares through personalized coaching and technical assistance. Low-income business owners in Chula Vista will be assisted, increasing both the strength and income of these microenterprise daycares, while also increasing childcare options for Chula Vista residents. This program’s goals align with the City’s 2025-2029 Con Plan economic development goals of business technical assistance and job creation. Upwards demonstrates thorough knowledge of CDBG regulations, is in good standing with HUD, and Staff are fully confident in their ability to execute the programming.

Home Investment Partnerships Act (HOME)

HOME funds may be used to support affordable rental housing and home ownership opportunities through the following activities:

1. New construction
2. Acquisition
3. Rehabilitation
4. First-time homebuyer assistance
5. Tenant-based rental assistance

For fiscal year 2026-2027, the City will receive an allocation amount of \$800,731. The City anticipates utilizing these HOME funds to address housing priorities identified in the 2025-2029 Con Plan.

HOME regulations permit up to ten percent (10%) of the annual entitlement to be used for administration and require that fifteen percent (15%) be reserved for activities undertaken by Community Housing Development Organizations (CHDOs) to create affordable housing units. For fiscal year 2026-2027, the CHDO set aside is \$120,109. If these funds are not committed within the required timeframe, HUD may recapture the funds, and they would no longer be available to the City.

The City proposes to allocate the required CHDO set aside toward production of affordable housing units. These funds will be awarded to an affordable housing developer through a future Notice of Funding Availability or Request for Proposals process.

The City received one application eligible for HOME funding from SBCS to provide tenant-based rental assistance to low- and moderate-income residents. Remaining funds are proposed to support the City tenant-based rental assistance program and the first-time homebuyer program.

A summary of funding allocations is provided in Table 7.

Table 7: 2026-2027 HOME Projects

Applicant	Program	Recommended
21 Chula Vista Housing and Homeless Services Department	HOME Planning and Administration	\$80,073
22 Chula Vista Housing and Homeless Services Department	Production of Affordable Housing ⁴	\$120,110
23 Chula Vista Housing and Homeless Services Department	Tenant-Based Rental Assistance	\$400,000
24 SBCS Corporation	Tenant-Based Rental Assistance	\$400,000
25 Chula Vista Housing and Homeless Services Department	First-Time Homebuyer Program	\$200,548
TOTAL		\$1,200,731

⁴CHDO funding set-aside.

Emergency Solutions Grant (ESG)

The City will receive \$206,221 in ESG entitlement funds for fiscal year 2026-2027. ESG funds may be used to support homeless services through:

1. Homeless Prevention
2. Rapid Re-Housing (rental assistance)
3. Street Outreach
4. Emergency Shelter
5. Homeless Management Information Systems (HMIS)

The City received one application for ESG funding from SBCS Corporation to support operations of the Casa Nueva Vida shelter. SBCS is a previous grant recipient and remains in good standing with the City and HUD.

The remaining funds will be earmarked for planning and administration costs, limited to seven and a half percent (7.5%) of the annual entitlement (estimated \$15,467), and Homeless Prevention services addressing rental arrears. Homeless Prevention services will be administered by City staff.

A summary of recommended funding allocations is provided in Table 8.

Table 8: 2026-2027 ESG Projects

Applicant	Program	Recommended
18 Housing and Homeless Services Department	ESG Planning and Administration	\$15,467
19 Housing and Homeless Services Department	Homeless Prevention Program	\$120,754
20 SBCS Corporation	Casa Nueva Vida	\$70,000
TOTAL		\$206,221

Conclusion

The CDBG, ESG, and HOME programs provide federal funding that supports housing, homelessness services, and community development activities benefiting low- and moderate-income residents. Together, these programs allow the City to address housing needs, support vulnerable populations, and invest in community infrastructure to maximize the impact of grant funding. Rising housing costs continue to outpace income growth, reducing housing affordability for many residents. The City continues to pursue additional funding sources and use available housing funds, including HOME, to support development of affordable housing projects and programs.

Staff recommends that the City Council conduct the public hearing to receive community input on the funding recommendations presented in the Fiscal Year 2026-2027 Annual Action Plan.

A detailed description of recommended programs and funding allocations is provided in the Fiscal Year 2026-2027 Annual Action Plan included as Attachment 2. The draft plan was noticed in the Star News legal notice section and posted on the City website for the required 30-day public review period. The public comment period began March 13, 2026, and ends April 14, 2026. Following the closing of the comment period, staff will incorporate all public comments into the final Annual Action Plan and present it to the City Council for consideration on May 12, 2026.

DECISION-MAKER CONFLICT

Staff has reviewed the property holdings of the City Council members and has found no property holdings within 1,000 feet of the boundaries of the Naples Street and Granjas Road CIP which is the subject of this action. It was determined that Mayor John McCann has real property holdings within 500 feet of the boundaries of the property located at 31 4th Avenue which is also subject of this action. Consequently, pursuant to California Code of Regulations Title 2, sections 18700 and 18702.2(a)(7), this item presents a disqualifying real property-related financial conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.) for the above-identified member.

Staff is not independently aware, and has not been informed by any City Council member, of any other fact that may constitute a basis for a decision-maker conflict of interest in this matter.

CURRENT-YEAR FISCAL IMPACT

There are no current year fiscal impacts to the General Fund as a result of this action. At this time, City Council is reviewing funding allocation requests for CDBG, HOME, and ESG funds. Appropriations for the proposed CDBG, HOME and ESG programs will be requested at a later date.

In the remote event that HUD should withdraw the City's CDBG, HOME, and ESG funding, the Agreements/Memorandum of Understandings provide that the City is not obligated to compensate subrecipients or City Departments for program expenditures. Recommended funding allocations are summarized below.

Table 9: Fiscal Year 2026-2027 Recommended Funding Allocations

Community Development Block Grant (CDBG)	
Public Services	\$339,351
CDBG Administration and Planning	\$452,468
Section 108 Loan Payment	\$709,896
Capital Improvement and Community Development	\$999,768
Subtotal	\$ 2,501,483
Home Investment Partnerships Act (HOME)	
HOME Planning and Administration	\$80,073
Affordable Housing Projects/Programs	\$1,120,658
Subtotal	\$1,200,731
Emergency Solutions Grant (ESG)	
ESG Administration and Planning	\$15,467
Shelter Services	\$70,000
Homeless Prevention and Rapid Re-Housing	\$120,754
Subtotal	\$206,221
TOTAL CDBG, HOME and ESG	\$3,908,434

ONGOING FISCAL IMPACT

There is no ongoing fiscal impact to the City's General Fund as a result of this action. All costs associated with the administration of the CDBG, HOME, and ESG programs are covered by the respective grants.

ATTACHMENTS

1. Public Input Survey Report
2. Fiscal Year 2026-2027 Draft Annual Action Plan

*Staff Contact: Stacey Kurz, Director of Housing and Homeless Services
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